

## Message Text

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PAGE 01 ISLAMA 08178 211256Z  
ACTION NEA-10

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R 211010Z AUG 78  
FM AMEMBASSY ISLAMABAD  
TO SECSTATE WASHDC 8744  
INFO AMEMBASSY NEW DELHI  
AMEMBASSY ROME

C O N F I D E N T I A L ISLAMABAD 8178

ROME FOR FODAG

EO 11652: GDS  
TAGS: EAGR EAID PK  
SUBJ: MEETING WITH FINANCE MINISTER ON WHEAT

1. I MET THIS MORNING WITH GHULAM ISHAQ KHAN, FINANCE MINISTER AND ALSO MINISTER IN CHIEF, PRINCIPALLY TO DISCUSS PAKISTAN'S REQUEST FOR ADDITIONAL PL 480 WHEAT AND WHAT PAKISTAN WAS DOING TO HELP ITSELF. ECONCOUNS KENNON AND TOUQIR HUSSAIN OF FOREIGN MINISTRY ALSO SAT IN. GHULAM ISHAQ CONFIRMED THAT YESTERDAY'S CABINET MEETING HAD APPROVED IMPORT OF 30,000 TONS OF RUST-RESISTANT WHEAT SEED. HE INDICATED IT WOULD COME FROM INDIA SINCE ONLY INDIA HAS THE TYPE OF SEED PAKISTAN NEEDS. HE ADDED THERE WAS NO DIFFICULTY IN PRINCIPLE IN BUYING FROM INDIA AND THAT PAKISTAN WAS GOING TO REQUEST THE ASSISTANCE OF FAO AS AN INTERMEDIARY. HE SAID NORMAN BORLAUG, WHO WENT ON TO INDIA FROM HIS RECENT TRIP TO PAKISTAN, HAD BEEN ASKED TO CHECK ON AVAILABILITIES, BUT NO WORD HAS BEEN RECEIVED BACK FROM HIM. GHULAM ISHAQ LATER MENTIONED POSSIBILITY OF BUYING SOME SEED FROM MEXICO AND TURKEY. (AMOUNT OF 30,000 TONS IS LESS THAN 10 PERCENT OF PAKISTAN'S ANNUAL SEED REQUIREMENTS, BUT IT WILL GIVE A GOOD START ON RUST RESISTANT SEED IN THE FUTURE.) APPARENTLY DECISION ON WHEAT SEED WAS THE ONLY ONE AFFECTING WHEAT SITUATION TAKEN AT  
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YESTERDAY'S MEETING.

2. I REVIEWED BUDGETARY LIMITATIONS ON PL 480 AND POINTED OUT THAT INCREASING AMOUNT FOR PAKISTAN WOULD REQUIRE TAKING IT AWAY FROM SOME OTHER COUNTRY. THIS IN TURN WOULD REQUIRE CONVINCING WASHINGTON THAT PROVIDING WHEAT WOULD NOT BE A DISINCENTIVE TO PAKISTAN'S WHEAT PRODUCTION EFFORT AND THAT PAKISTAN WAS TAKING

THE POLICY STEPS LEADING TO FOOD SELF-SUFFICIENCY. GHULAM ISHAQ REPLIED THAT THE PERFORMANCE OF THE ECONOMY AS A WHOLE, INCLUDING AGRICULTURE, HAD BEEN DISAPPOINTING FOR PAST EIGHT YEARS. LAST YEAR'S "DISASTROUS" WHEAT CROP SEEMED TO BE COMING ALONG WELL AND THEN IT WAS SUDDENLY AFFLICTED WITH RUST. THIS WAS BAD LUCK, SINCE SEED USED HAS BEEN THE MOST PROMISING THAT PAKISTAN HAD AVAILABLE. THE PL 480 WHEAT PAKISTAN IS ASKING FOR WILL NOT BE A

DISINCENTIVE SINCE IT WILL BE SOLD IN RATION SHOPS AND NOT ON THE OPEN MARKET WHERE LAST YEAR'S PRICES REACHED RS. 60 TO RS. 65 PER MAUND. AMOUNT PROCURED FOR SALE IN RATION SHOPS LAST YEAR WAS ONLY ONE-FOURTH OF CROP AND HIGH PRICES ON OPEN MARKET WERE AN ADEQUATE INCENTIVE TO FARMERS. I POINTED OUT THAT INCENTIVES WERE A BROAD SUBJECT AND THAT THERE WAS A STRONG FEELING THAT THE COMPLEX OF PROCUREMENT PRICE, RELATIVE AVAILABILITY OF INPUTS, STATE OF EXTENSION SERVICE, ETC., WAS ACTING AS A DETERRENT TO PRODUCTION AND THAT CONCESSIONAL WHEAT AVAILABILITY SHELTERED THE GOP FROM MAKING THE HARD DECISIONS WHICH CARRIED WITH THEM DOMESTIC POLITICAL COSTS. GHULAM ISHAQ COUNTERED THAT ACREAGE OF WHEAT WAS INCREASING AND THERE WAS SUBSTITUTION INTO OTHER CROPS SO THAT THERE WAS NO EVIDENCE OF ANY DISINCENTIVE.

3. I ASKED GHULAM ISHAQ WHAT IS HAPPENING ON PRICE AND HE INDICATED THERE WAS TO BE A MEETING WITH THE PROVINCES ON AGRICULTURAL POLICIES LATER THIS WEEK WHERE PRICE WOULD BE DISCUSSED. MAYBE IT WOULD BE RESOLVED THEN.  
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4. I CONCLUDED BY SAYING THAT I KNEW GHULAM ISHAQ UNDERSTOOD ME. I WOULD DO WHAT I COULD TO GET THE MAXIMUM AMOUNT OF PL 480 WHEAT FOR PAKISTAN, BUT THAT PAKISTAN WAS GOING TO FACE SOME TOUGH QUESTIONS BEFORE, DURING AND AFTER THE FORTHCOMING DONORS MEETING TO CONSIDER PAKISTAN'S WHEAT REQUEST AND IT WAS GOING TO HAVE TO CONVINCE SOME HARD-MINDED PEOPLE IN THE USG THAT IT IS TAKING THE STEPS THAT WILL LEAD TO WHEAT SELF-SUFFICIENCY. HE SAID HE UNDERSTOOD.  
HUMMEL

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NNN

## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PL 480, WHEAT, IMPORTS, DIPLOMATIC DISCUSSIONS  
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**Draft Date:** 21 aug 1978  
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**Disposition Case Number:** n/a  
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**Status:** NATIVE  
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**TAGS:** EAGR, EAID, PK, US, (ISHAQ KHAN, GHULAM)  
**To:** STATE  
**Type:** TE  
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